

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 CIAE-00 INR-07

NSAE-00 /027 W
----- 071080

R 041740Z AUG 75
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 1913
INFO AMCONSUL BORDEAUX

LIMITED OFFICIAL USE PARIS 20135

E.O. 11652: N/A
TAGS: ECON, US, FR
SUBJECT: AUTOMOBILE COMPONENT IMPORTS FROM FRANCE

REFS: A. STATE 181749, B. PARIS 18538 C. PARIS 17537

1. DATAR ASSISTANCE FOR FORD INVESTMENT AT BORDEAUX
WAS FULLY DESCRIBED IN REFTEL C. IN CHECKING WITH
FORD, HOWEVER, WE FIND THAT SOME DETAILS GIVEN IN
REFTEL C WERE INACCURATE AND OTHERS ARE NOT IN PUBLIC
DOMAIN.

2. FOLLOWING DETAILS WERE INACCURATE AND SHOULD BE
CORRECTED IN DEPARTMENT'S FILES: (A) TOTAL COST OF
PLANT CAME TO 404 MILLION FRENCH FRANCS (RATHER THAN
130 MILLION DOLLARS). (B) TOTAL GRANT WAS BASED ON
MINIMUM RATE OF 12 PER CENT (RATHER THAN 25 PER CENT)
OF TOTAL INVESTMENT LESS TAXES, AND THUS CAME TO 48.5
FRENCH FRANCS. THIS IS PAYABLE IN SIX SEMI-ANNUAL
INSTALLMENTS AND NOT ALL HAS YET BEEN COLLECTED FROM
GOF. (C) WHILE FORD WAS THEORETICALLY ENTITLED TO
SUBSIDY OF UP TO 50 PER CENT FOR EMPLOYEE TRAINING
AND EQUIPMENT (UNDER FRENCH VOCATIONAL TRAINING PROGRAM),
ACTUAL SUBSIDY WILL BE CLOSER TO 25 PER CENT DUE TO
LIMITATIONS IMPOSED BY GOF ON VALUATION OF CERTAIN

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COMPONENTS.

3. INFORMATION NOT IN PUBLIC DOMAIN IS ACTUAL AMOUNT OF

SUBSIDY, ESTIMATED VALUE OF BUSINESS TAX EXEMPTION, AND VALUATION OF ACCELERATED DEPRECIATION ALLOWANCE. IN FACT, ON THIS LATTER POINT, DEPRECIATION ALLOWANCE HAS BEEN OF NO VALUE SINCE 1974 AS BORDEAUX PLANT IS OPERATING IN THE RED. FACT THAT FORD WAS ABLE TO NEGOTIATE HIGHER SUBSIDY THAN WOULD HAVE BEEN JUSTIFIED BY CEILING OF 15,000 FRANCS PER-JOB-CREATED IS ALSO NOT IN PUBLIC DOMAIN.

4. IN INFORMING UAW WE SUGGEST DEPARTMENT LIMIT ITSELF TO STATEMENT THAT FORD WAS GIVEN BENEFIT OF MAJOR CONCESSIONS PROVIDED FOR IN DATAR BOOKLET (COPY OF WHICH SHOULD BE AVAILABLE IN WASHINGTON) BUT THAT IN SOME CASES, AND FOR VARIOUS REASONS, NOT ALL OF THESE BENEFITS HAVE BEEN FULLY REALIZED.

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Message Attributes

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Draft Date: 04 AUG 1975
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
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EO Systematic Review
06 JUL 2006

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TAGS: ECON, US, FR, FORD MOTOR COMPANY
To: STATE
Type: TE
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